

AMENDED IN SENATE MAY 6, 2014  
AMENDED IN SENATE APRIL 7, 2014

**SENATE BILL**

**No. 1341**

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**Introduced by Senator Mitchell**

February 21, 2014

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An act to amend Section 10823 of the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

SB 1341, as amended, Mitchell. Medi-Cal: Statewide Automated Welfare System.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Care Services, under which qualified low-income individuals receive health care services. The Medi-Cal program is, in part, governed and funded by federal Medicaid Program provisions. Existing law requires the Office of Systems Integration in the State Department of Social Services to implement a statewide automated welfare system for 6 specified public assistance programs, including Medi-Cal.

This bill would require the Statewide Automated Welfare System to be the system of record for Medi-Cal and to contain all Medi-Cal eligibility rules and case management functionality. The bill would, notwithstanding this provision, authorize the California Healthcare Eligibility, Enrollment, and Retention System (CalHEERS) to house the business rules necessary for an eligibility determination to be made, as specified, pursuant to the federal Patient Protection and Affordable Care Act. The bill would, if ~~the department exercises~~ that authority *is exercised*, require CalHEERS to make the business rules available to the Statewide Automated Welfare System consortia to determine

Medi-Cal eligibility. The bill would specify, effective January 1, 2016, the manner in which the functionality to create and send notices of action for the Medi-Cal and premium tax credit programs would be implemented, including a requirement that the Statewide Automated Welfare System be used to generate noticing language and notice of action documents.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 10823 of the Welfare and Institutions  
2 Code, as amended by Section 9 of Chapter 13 of the First  
3 Extraordinary Session of the Statutes of 2011, is amended to read:  
4 10823. (a) (1) The Office of Systems Integration shall  
5 implement a statewide automated welfare system for the following  
6 public assistance programs:  
7 (A) The CalWORKs program.  
8 (B) CalFresh.  
9 (C) The Medi-Cal program.  
10 (D) The foster care program.  
11 (E) The refugee program.  
12 (F) County medical services programs.  
13 (2) Statewide implementation of the statewide automated welfare  
14 system for the programs listed in paragraph (1) shall be achieved  
15 through no more than four county consortia, including the Interim  
16 Statewide Automated Welfare System Consortium, and the Los  
17 Angeles Eligibility, Automated Determination, Evaluation, and  
18 Reporting System.  
19 (3) Notwithstanding paragraph (2), the Office of Systems  
20 Integration shall migrate the 35 counties that currently use the  
21 Interim Statewide Automated Welfare System (SAWS) into the  
22 C-IV system within the following timeline:  
23 (A) Complete Migration System Test and begin User Acceptance  
24 Testing on or before June 30, 2009.  
25 (B) Complete implementation in at least five counties by  
26 February 28, 2010.  
27 (C) Complete implementation in at least 14 additional counties  
28 on or before May 31, 2010.

1 (D) Complete implementation in all 35 counties on or before  
2 August 31, 2010.

3 (E) Decommission the Interim Statewide Automated Welfare  
4 System on or before January 31, 2011.

5 (4) Notwithstanding paragraph (2), the Office of Systems  
6 Integration shall oversee the migration of the 39 counties  
7 composing the C-IV Consortium into a system jointly designed  
8 by the 39 counties plus Los Angeles County under the LEADER  
9 Replacement System contract. This migration shall result in a new  
10 consortium to replace the LEADER and C-IV Consortia.

11 (5) The consortia and the state shall take any action necessary  
12 to ensure that the current SAWS maintenance and operations  
13 agreements are extended for the LEADER and C-IV Consortia,  
14 pending the completion of the LEADER Replacement System and  
15 migration of the C-IV Consortium as set forth in paragraph (4),  
16 and for the continuation of the Welfare Client Data System  
17 Consortium.

18 (6) Each SAWS consortium shall provide a seat on its governing  
19 body for a representative of the state and shall allow for the  
20 stationing of state staff at the project site.

21 (b) Nothing in subdivision (a) transfers program policy  
22 responsibilities related to the public assistance programs specified  
23 in subdivision (a) from the State Department of Social Services  
24 or the State Department of Health Care Services to the Office of  
25 Systems Integration.

26 (c) (1) On February 1 of each year, the Office of Systems  
27 Integration shall provide an annual report to the appropriate  
28 committees of the Legislature on the statewide automated welfare  
29 system implemented under this section. The report shall address  
30 the progress of state and consortia activities and any significant  
31 schedule, budget, or functionality changes in the project.

32 (2) The report provided pursuant to this subdivision in 2012  
33 shall also include the projected timeline and key milestones for  
34 the development of the LEADER Replacement System and of the  
35 new consortium described in paragraph (4) of subdivision (a).

36 (d) Notwithstanding any other law, the Statewide Automated  
37 Welfare System consortia shall have the authority to expend within  
38 approved annual state budgets for each system as follows:

1 (1) Make changes within any line item, provided that the change  
2 does not create additional project costs in the current or in a future  
3 budget year.

4 (2) Make a change of up to one hundred thousand dollars  
5 (\$100,000) or 10 percent of the total for the line item from which  
6 the funds are derived, whichever is greater, between line items  
7 with notice to the Office of Systems Integration, provided that the  
8 change does not create additional project costs in the current or in  
9 a future budget year.

10 (3) Make requests to the Office of Systems Integration for  
11 changes between line items of greater than one hundred thousand  
12 dollars (\$100,000) or 10 percent of the total for the line item from  
13 which the funds are derived, which do not increase the total cost  
14 in the current or a future budget year. The Office of Systems  
15 Integration shall take action to approve or deny the request within  
16 10 days.

17 (e) (1) The Statewide Automated Welfare System shall be the  
18 system of record for Medi-Cal and shall contain all Medi-Cal  
19 eligibility rules and case management functionality.

20 (2) Notwithstanding paragraph (1), the business rules necessary  
21 for an eligibility determination to be made under the Modified  
22 Adjusted Gross Income (MAGI) rules pursuant to the federal  
23 Patient Protection and Affordable Care Act (Public Law 111-148)  
24 may be housed in the California Healthcare Eligibility, Enrollment,  
25 and Retention System developed pursuant to Section 15926,  
26 hereafter referred to as CalHEERS. ~~If the department exercises~~  
27 *that authority is exercised*, the business rules contained in  
28 CalHEERS shall be made available to the Statewide Automated  
29 Welfare System consortia, through an automated interface, in order  
30 for the consortia to determine eligibility for Medi-Cal under the  
31 MAGI rules.

32 (3) Effective January 1, 2016, the functionality to create and  
33 send notices of action for Medi-Cal and premium tax credit  
34 programs, as described in Section 36B of Title 26 of the United  
35 States Code, shall be implemented consistent with the following:

36 (A) Except as specified in subparagraphs (B) and (C), the  
37 Statewide Automated Welfare System shall be used to generate  
38 noticing language and notice of action documents and to send  
39 notice of action documents for all Medi-Cal programs, including,  
40 but not limited to, MAGI and non-MAGI based programs.

1 (B) If ~~the department exercises its authority~~ *is exercised* pursuant  
2 to paragraph (2), CalHEERS shall be used to generate noticing  
3 language for the premium tax credit program, including, but not  
4 limited to, Medi-Cal denial noticing language related to tax subsidy  
5 approvals, and shall be used to generate and send notice of action  
6 documents for the premium tax credit only program.

7 (C) If ~~the department exercises its authority~~ *is exercised* pursuant  
8 to paragraph (2), in any mixed eligibility cases that include an  
9 approval or approvals for MAGI Medi-Cal eligibility  
10 determinations, non-MAGI Medi-Cal eligibility determinations,  
11 or both, and premium tax credit approvals, the Statewide  
12 Automated Welfare System shall be used to combine the noticing  
13 language for Medi-Cal programs generated by the Statewide  
14 Automated Welfare System and the noticing language for the  
15 premium tax credit program generated by CalHEERS into one  
16 notice, and the Statewide Automated Welfare System shall be used  
17 to send the document, as one combined notice, for all programs.